

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 20

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte LAWRENCE M. AUSUBEL

Appeal No. 2002-2245
Application No. 09/476,877

HEARD: MARCH 20, 2003

Before BARRETT, GROSS, and LEVY, Administrative Patent Judges.

LEVY, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the examiner's final rejection of claims 53, 54, 57, 60, 61, 64-67, 71-75, 78, 79, and 81-86. Claims 55, 56, 58, 59, 62, 63, 68-70, 76, 77, and 80 have been objected to.

BACKGROUND

Appellant's invention relates to a computer implemented method and apparatus for auctions. An understanding of the invention can be derived from a reading of exemplary claim 53, which is reproduced as follows:

53. A computer implemented auction system for television licenses or associated derivative rights comprising:

- a) an auctioneer's system and at least two user systems, the auctioneer's system communicatively coupled to user systems;
- b) said user systems including:
 - (b1) means for receiving messages from the auctioneer's system and for displaying those messages;
 - (b2) means for receiving bid related information from users, said information including bids for television licenses or associated derivative rights; and
 - (b3) means for transmitting bid information to the auctioneer's system; and
- c) said auctioneer's system including:
 - (c1) means for generating and transmitting messages to user systems, said messages a non-final message indicating that an will continue and a final message indicating that an auction has terminated;
 - (c2) means for receiving bid information from user systems;
 - (c3) and decision means responsive to the bid information received from the user systems for determining whether an auction should continue or terminate, said decision means including:

(c31) means to initiate the generation of a non-final message to at least one user system in response to a determination to continue an auction; and

(c32) means to initiate the generation of a final message to at least one user system in response to a determination to terminate an auction.

The prior art reference of record relied upon by the examiner in rejecting the appealed claims is:

ONSALE: "ONSALE Brings Thrill of Auctions and Bargain Hunting Online; Unique Internet retail service debuts with week-long charity auction for The Computer Museum in Boston", Dialog File 610; Accession No. 0489267 BW0022, Business Wire (1997).

Claims 53, 54, 57, 60, 61, 64-67, 71-75, 78, 79, and 81-86 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over ONSALE. Rather than reiterate the conflicting viewpoints advanced by the examiner and appellant regarding the above-noted rejection, we make reference to the examiner's answer (Paper No. 13, mailed December 28, 2001), final rejection (Paper No. 8,

mailed April 12, 2001, and first office action¹ (Paper No. 4, mailed June 8, 2000) for the examiner's complete reasoning in support of the rejection, and to appellant's brief (Paper No. 12, filed October 12, 2001) and reply brief (Paper No. 14, filed February 14, 2002) for appellant's arguments thereagainst. Only those arguments actually made by appellant have been considered in this decision. Arguments which appellant could have made but chose not to make in the brief have not been considered. See 37 CFR 1.192(a).

OPINION

In reaching our decision in this appeal, we have carefully considered the subject matter on appeal, the rejection advanced by the examiner, and the evidence of obviousness relied upon by the examiner as support for the rejection. We have, likewise, reviewed and taken into consideration, in reaching our decision, appellant's arguments set forth in the briefs along with the examiner's rationale in support of the rejection and arguments in rebuttal set forth in the examiner's answer.

¹ We observe that the examiner's answer refers to the final rejection for the rejection of the claims. The final rejection, in turn, refers to the previous office action for the rejection of the claims. Although the examiner should not refer back to more than a single previous office action (see MPEP § 1208, Eighth Edition, (August 2001)), because we can understand the rejection of the claims advanced by the examiner, we decline to remand the application for correction of this matter.

It is our view, after consideration of the record before us, that the evidence relied upon and the level of skill in the particular art would not have suggested to one of ordinary skill in the art the invention as set forth in claims 53, 54, 57, 60, 61, 64-67, 71-75, 78, 79, and 81-86. Accordingly, we reverse, for the reasons set forth by appellant, and add the following comments.

In rejecting claims under 35 U.S.C. § 103, it is incumbent upon the examiner to establish a factual basis to support the legal conclusion of obviousness. See In re Fine, 837 F.2d 1071, 1073, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). In so doing, the examiner is expected to make the factual determinations set forth in Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), and to provide a reason why one having ordinary skill in the pertinent art would have been led to modify the prior art or to combine prior art references to arrive at the claimed invention. Such reason must stem from some teaching, suggestion or implication in the prior art as a whole or knowledge generally available to one having ordinary skill in the art. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 USPQ2d 1434,

1438 (Fed. Cir. 1988); Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 293, 227 USPQ 657, 664 (Fed. Cir. 1985); ACS Hosp. Sys., Inc. v. Montefiore Hosp., 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984). These showings by the examiner are an essential part of complying with the burden of presenting a prima facie case of obviousness. Note In re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). If that burden is met, the burden then shifts to the applicant to overcome the prima facie case with argument and/or evidence. Obviousness is then determined on the basis of the evidence as a whole. See id.; In re Hedges, 783 F.2d 1038, 1039, 228 USPQ 685, 686 (Fed. Cir. 1986); In re Piasecki, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984); and In re Rinehart, 531 F.2d 1048, 1052, 189 USPQ 143, 147 (CCPA 1976).

Six of the claims before us on appeal are independent claims. Three of these independent claims (53, 67, and 81) are drawn to a computer implemented system for conducting an auction of television licenses or associated derivative rights. The remaining three independent claims (60, 74, and 84) are drawn to a computer implemented method of conducting an auction of television licenses or associated derivative rights. Appellant asserts (brief, page 2) that the invention is for auctions of

multiple dissimilar objects. An example (id.) is an auction for broadcast licenses which are inherently dissimilar because different licenses cover different territory, broadcast channels, or both.

The examiner's position (Office action, mailed June 8, 2000, pages 3-5) is that with respect to claim 53, the only difference between ONSALE and the claimed auction is the reference to television licenses or associated derivative rights. According to the examiner, this kind of data does not affect the functionality of the system as they "are merely different types of data that cannot be accorded patentable differences," and that these items, things, or objects "would have been obvious to the skilled artisan when gleaning from the ONSALE system." As to the other five independent claims, the examiner refers to the rejection of claim 53. In appellant's response (Paper No. 7, filed November 8, 2000, page 3) appellant asserted ONSALE does not disclose "decision means responsive to the bid information . . . for determining whether an auction should continue or terminate." The examiner's response (Paper No. 8, mailed April 12, 2001, page 2) is that ONSALE clearly teaches that in a standard auction, items are sold to the highest bidder after a

fixed period of time. Appellant responds (brief, page 8) that there is no disclosure in the reference of a "decision means" as recited in claim 53, nor the step of "determining . . . in response to the bid information received from users, whether the auction should continue or terminate" as recited in independent claim 60. In addition, appellant notes (*id.*) that both the decision means and the determining step are responsive to bid information received.

The examiner cites In re Bozek, 163 USPQ 545 (CCPA 1969) (final rejection, page 3) for the proposition that

[h]aving established that this knowledge was in the art, the examiner could then properly rely, as put forth by the solicitor, on a conclusion of obviousness "from **common knowledge and common sense** of the person of ordinary skill in the art without any specific hint or suggestion in a particular reference." (examiner's emphasis)

Appellant argues (brief, page 9) that Bozek is inapt because Bozek deals with the question of considering together the teachings of two different references, whereas in the instant case, only one reference has been applied against the claims. In addition, appellant (*id.*) cites In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001) for the proposition that:

We cannot accept these finding by the Board. This assessment of basic knowledge or common sense was not based on any evidence in the record, and, therefore, lacked substantial evidence support. As an administrative tribunal, the Board clearly has expertise in the subject matter over which it exercises jurisdiction. This expertise may provide sufficient support for conclusions as to peripheral issues. With respect to core factual findings in a determination of patentability, however, the Board simply cannot reach conclusions based on its own understanding or experience - or on its assessment of what would be basic knowledge or common sense.

With respect to independent claims 67 and 81, appellant asserts (brief, page 10) that these claims also require "means for determining" based upon the bids or signals, "the television licenses or associated derivative rights to be assigned."

Appellant argues (*id.*) that the claims make clear that the system is a computer implemented auction, or is itself a computer system, and asserts that "[t]here is nothing in the reference which describes, discloses or even hints at a computer implemented system or a computer system with a mean[s] for determining as is recited in claims 67 and 81." Appellant adds that the examiner's reliance on In re Bozek, 163 USPQ 545, and "common knowledge and common sense" does not provide support to justify the rejection.

With respect to independent claims 74 and 84, appellant asserts (brief, page 11) that "[t]here is no disclosure in the reference of either a 'computer implemented' auction" or the step of "determining the licenses or other derivative rights to be assigned to bidders." Appellant argues that when appellant challenged the rejection, the examiner's response was the reference to In re Bozek and "common knowledge and common sense". Appellant adds (brief, page 12) that "[f]or all that appears in the reference, whatever determining that might take place could be based upon human judgment." The examiner responds (answer, page 6) by asserting that ending an auction is not an unexpected step because auctions usually have an end. The examiner asserts (id.) that the instant case distinguishes from In re Zurko because in Zurko, 258 F.3d at 1385, 59 USPQ2d at 1697, "necessary steps were not present in the prior art and whereby logical reasoning could not have been logically arrived at along a trusted path."

We find that ONSALE is directed to an internet retail service that is designed as a place that consumers can peruse "irresistible collectibles and close-out merchandise" (page 1). Limited quantity goods are sold in quick-action formats such as

auctions and markdowns. Customers can browse through the inventory or take a guided tour with an online personality who is an expert in a particular class of goods. Goods include "sports and rock-and-roll memorabilia, computers and electronics, last minute vacation packages, special wine collections, tickets to events and vintage watches" (page 2). Consumers can observe ONSALE's auctions and browse through markdown merchandise without going through a registration process. Merchandise is sold using three interactive formats: standard auctions, dutch auctions and markdowns. ONSALE page 2 states that:

Initially, ONSALE's merchandise will be sold using one of three interactive formats: standard auctions, dutch auctions and markdowns. In a standard auction, an item is placed onsale for a fixed time period and sold to the highest bidder. Dutch auctions occur when a number of identical items are offered for sale at the same time period. The highest bidders purchase the available inventory at the lowest successful bidders price. ONSAL's markdown merchandise decreases in price in time intervals. Customers can buy markdown items at the current posted price, or can wait until the next time interval, which may be hours or days, when the offering price goes down.

Before placing an order or bidding on an item, customers must first fill out a simple registration form. Once registered, customers may bid and buy at will. Each auction page displays

the highest bidder's initials, city and state. ONSALE page 3 states

Customers need not worry about overbidding on an item, as all bids are proxy bids, i.e., the actual price paid for an item is never more than one price increment above the second highest bid on the item. Additionally, customers do not have to hang out on the Web all day to ensure they are kept in the bidding process. Upon request, ONSALE will notify customers by email when their bids are no longer the highest and customers can respond by email to increase their bids.

In addition, "ONSALE adds fun and adventure to online shopping by recreating the excitement of bidding at an auction and hunting for bargains, where prices and availability vary instantly in response to demand."

From the disclosure of ONSALE, we find that ONSALE is silent as to whether an automated system or a human makes a decision as to whether to terminate or continue the auction, as required by each of the claims. ONSALE is additionally silent as to whether the decision to continue or terminate the auction is based upon bid information received from users, as required by each of the claims. Although a standard auction will end after a fixed time has passed, it is unclear as to whether the step of determining whether the auction should continue or terminate is carried out by a computer system in response to bid information received from users, or due to a human determining from a clock that the

auction needs to continue or terminate. Thus, ONSALE does not disclose determining based upon the bids or signals received, the television licenses or associated derivative rights to be assigned to the bidders, and therefore does not establish a prima facie case of obviousness of the claimed invention.

As to the examiner's reliance on In re Bozek, we find the examiner's reliance to be misplaced. Because ONSALE is essentially a press release and does not describe a number of specific details of the system, we find that as in Zurko, 258 F.3d at 1385, 59 USPQ2d at 1697, ONSALE fails to provide sufficient evidence that would necessarily lead to the conclusions reached by the examiner. See In re Gartside, 203 F.3d 1305, 1314, 53 USPQ2d 1769, 1774 (Fed. Cir. 2000) (Board decision "must be justified within the four corners of the record"). The examiner bears the initial burden of establishing a prima facie case of obviousness. See In re Rijckaert, 9 F.3d 1531, 1532, 28 USPQ2d 1955, 1956 (Fed. Cir. 1993). A prima facie case of obviousness is established by presenting evidence that would have led one of ordinary skill in the art to combine the relevant teachings of the references to arrive at the claimed invention. See In re Fine, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988) and In re Lintner, 458 F.2d 1013, 1016, 173 USPQ 560,

562 (CCPA 1972). This initial burden is not met by resorting to speculation as to what would have been obvious based upon common knowledge and common sense of one of ordinary skill in the art. Instead of trying to distinguish from Zurko, the examiner's time would be better spent finding prior art that suggests the claimed invention, instead or trying to rely upon "common knowledge and common sense" in an attempt to make up for the deficiencies of ONSALE.

From all of the above, we find that the examiner has failed to establish a prima facie case of obviousness of independent claims 53, 60, 67, 74, 81 and 84. The rejection of claims 53, 54, 57, 60, 61, 64-67, 71-75, 78, 79, and 81-86 under 35 U.S.C. § 103(a) is therefore reversed.

OBSERVATIONS AND REMARKS

PTO policy dictates that an appeal conference is required for all appeals, effective for all appeals received by the Board of Patent Appeals and Interferences on or after November 1, 2000; MPEP § 1208, Eight Edition, August 2001. The record does not reflect any evidence that an appeal conference has been held. However, this was not realized until after the Oral Hearing had taken place and the decision was in the process of being drafted.

Because this case has been at the Board for a period of time in excess of one year, and appellant has already come to the PTO and argued the case before the Board, we decline to return the case to the Director of the Technology Center without a decision, as this would be unfair to appellant.

CONCLUSION

To summarize, the decision of the examiner to reject claims 53, 54, 57, 60, 61, 64-67, 71-75, 78, 79, and 81-86 under 35 U.S.C. § 103(a) is reversed.

REVERSED

Lee E. Barrett

LEE E. BARRETT
Administrative Patent Judge

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Anita Pelleman Gross

ANITA PELLMAN GROSS
Administrative Patent Judge

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Stuart S. Levy

STUART S. LEVY
Administrative Patent Judge

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STANLEY B. GREEN, ESQ.
CONNOLLY, BOVE, LODGE & HUTZ
P.O. BOX 19088
WASHINGTON, DC 20036